



Chino Mines Company
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April 30, 2010

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Ms. Marcy Leavitt, Director
New Mexico Environment Department
Waste and Water Management Division
P.O. Box 5469
Santa Fe, New Mexico 87502

Dear Ms. Leavitt:



Re: Chino AOC Quarterly Report, First Quarter 2010

This Administrative Order on Consent (AOC) Quarterly Report documents activities performed during the reporting period from January 1 through March 31, 2010. The report is submitted and organized as outlined in Article IX, Section E of the AOC between the New Mexico Environment Department (NMED) and Freeport-McMoRan Chino Mines Company (Chino). Chino also submits a copy of this report to the New Mexico Energy, Mineral and Natural Resources Department, Mining and Minerals Division (MMD), per its request.

AOC Activities

During the first quarter of 2010, the following major activities occurred:

- Chino submitted the first annual monitoring report for the bi-annual sampling for the Pilot Amendment Study for the Smelter/Tailing Soils Investigation Unit (STSIU).
- Chino performed the third post-reclamation and remedial quarterly monitoring of the Groundhog Mine Site and the Historic Small Stockpiles under the Hanover/Whitewater Creeks Investigation Unit (HWCIU).
- Chino performed the third post-reclamation and remedial quarterly monitoring of the Hurley Golf Course Site under the STSIU.
- A revised Hurley Health Advisory was mailed to 11 residents of Hurley who did not participate in the yard remediation interim action. Neighbors adjacent to these sites also receive a copy of the health advisory.
- The AOC Technical Group met on January 19th, February 17th, and on March 16th to review the AOC monthly progress.

Hurley Soils Investigation Unit

The Hurley Soils Investigation Unit Record of Decision (ROD) was finalized on September 23, 2009. The Hurley Health Advisory was mailed March 30, 2010 to 11 residents of Hurley who did not participate in the yard remediation interim action. Neighbors adjacent to these sites also received an advisory. This mailing will be performed annually per the ROD.

Hanover/Whitewater Creeks Investigation Unit

NMED indicated that it will finalize the Ecological Risk Assessment report by the third quarter of 2010 after addressing potential risk for ground feeding birds for the STSIU.

Following submission to NMED of the completion report for the Interim Remedial Action (IRA) at the Groundhog Mine Site, Chino performed post-reclamation water quality, erosion, and vegetation monitoring of the site during the third and fourth quarters of 2009 and the first quarter of 2010. The first annual Groundhog Mine Site monitoring report which incorporates the survey was submitted to NMED on October 30, 2009. NMED approved the report and its format on December 1, 2009.

The completion report for the IRA for the Osceolla, CB Bell, and Tenderfoot mine site stockpiles was submitted November 2, 2009 to the NMED, who in turn approved the report in a letter dated December 1, 2009. Chino performed post-reclamation water quality, erosion, and vegetation monitoring of the sites during third and fourth quarters of 2009 and the first quarter of 2010. The survey results were included in the Groundhog Mine Site annual monitoring report. Future quarterly surveys results for these sites will be provided in subsequent annual reports.

MMD approved an extension request by Chino under Permit GR009RE for the Lucky Bill Groundhog No. 5 site in 2009. The extension is needed to time the MMD reclamation process with AOC. NMED conditionally approved the characterization addendum for the Lucky Bill Groundhog No. 5 Stockpile site in a letter dated May 8, 2009. Chino is required to collect a storm water runoff sample from the No. 5 Stockpile site for additional characterization. Chino was not able to collect a storm water sample from the No. 5 Stockpile during 2009 due to unusual low precipitation for the year and will target the 2010 monsoon season to collect a sample.

Smelter/Tailings Soil Investigation Unit

Following submittal of the final completion report on the Golf Course IRA to NMED in 2009, Chino performed the post-remediation quarterly erosion and vegetation monitoring in the third and fourth quarters of 2009 and the first quarter of 2010.

Historical tailing material located in the Apache Tejo drainage was incorporated into the Smelter Tailing Soils Investigation Unit (STSIU) by NMED in 2009. NMED requested that Chino submit an IRA work plan for Apache Tejo drainage system. Chino plans to submit a survey report and work plan during second quarter of 2010.

Following approval of Chino's Technical Memorandum titled "Surface Water Sampling and Analysis of Rainfall Pools, STSIU" in 2008, NMED developed draft pre-feasibility study remedial action criteria (pre-FS RAC) for this IU in 2009. The AOC Technical Group met or teleconferenced on various occasions to further develop and finalize the pre-FS RAC for this IU. During the fourth quarter 2009 the group addressed ecological and human health risk assessment uncertainties through exchange of technical information. The group plans to meet again during the second 2010 quarter to review technical risk assessment information to assist in limiting uncertainties and determination of additional data needs.

Bi-annual inspection and sampling for the pilot amendment study, initiated in 2008, was performed in October 2009. Chino submitted an annual monitoring report for the pilot amendment study on February 16, 2010 and received comments from the NMED on April 1, 2010. Chino responded with revisions to the report on April 21, 2010. The next bi-annual event occurred April 20 and 21, 2010. Additionally, as a follow up to Chino's White Rain Technical Memorandum final report submitted to NMED in February 2009, that documented changes in the acidity of the plot soils caused by a natural event that occurred January 7, 2008, Chino has collected samples and is developing a work plan to monitor the effects to pH over a long term basis as part of the amendment study process.

Lampbright Investigation Unit

Chino submitted a draft RI proposal for the Lampbright IU to NMED on February 18, 2010, and received comments from the NMED in a letter dated April 13, 2010. Chino will respond to NMED's comment letter in May 2010.

Community Relations

The AOC Community Work Group (CWG) met January 19 and March 16. The CWG elected not to meet in February. Representatives from NMED and Chino participated in both CWG meetings.

Next Quarter's Scheduled Activities

The following work is projected for the second quarter of 2010:

- Submittal of a ground survey report and an IRA work plan for Apache Tejo Creek tailing.
- Perform the post-reclamation and remedial quarterly monitoring of the Groundhog Mine Site.
- Perform the post-reclamation and remedial quarterly monitoring of the Hurley Golf Course Site under the STSIU.
- Chino will perform the bi-annual sampling for the Pilot Amendment Study for the STSIU.
- Collect a stormwater runoff sample from the Lucky Bill Canyon Groundhog No. 5 Stockpile site for additional characterization.
- The AOC Technical Group will meet on monthly and continue to address uncertainties for current risk assessment data and determine remaining data needs for the STSIU.
- Submit a revised draft Remedial Investigation proposal for the Lampbright IU.
- Participate in AOC Community Workgroup meeting(s).

Personnel Changes

There have been no personnel changes during the quarter.

Problems and Solutions

There were no problems that adversely affected the AOC this quarter.

Please contact Ned Hall at (520) 229-6470 with any questions or comments concerning this report.

Sincerely,



Timothy E. Eastep, Manager
Environment, Land & Water

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